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SUBJECT: SCENESETTER FOR TREASURY DEPUTY SECRETARY AND UNDERSECRETARY  
OF STATE FOR ECONOMIC AFFAIRS

REF: ABU DHABI 55

¶1. (U) This is a joint message from Embassy Abu Dhabi and Consulate General Dubai and complements the Mission's classified scenesetter (reftel).

¶2. (SBU) Summary: The U.S. Mission to the United Arab Emirates (UAE) is pleased to welcome the February 14-16 visit of Deputy Treasury Secretary Neil Wolin and Under Secretary of State for Economic, Energy and Business Affairs Robert Hormats. Our robust relations with the UAE focus on mutual strategic interests throughout the region, as well as our common interest in economic growth and prosperity here and at home. Abu Dhabi Crown Prince Mohammed bin Zayed al Nahyan (MbZ) and UAE Foreign Minister Abdullah bin Zayed al Nahyan (AbZ) are part of a dynamic young leadership team that makes the UAE an active partner in a broad range of mutual goals, particularly regarding regional stability and security. The Emirate of Abu Dhabi, which contains the eponymous federal capital and controls 93 percent of UAE petroleum reserves, is the focus of our regional security, defense and energy cooperation. Dubai, business capital of the Gulf, is a key commercial center and a vital regional trade and transportation hub. The UAE is the largest US export market in the Middle East. Like other countries open to the forces of globalization, the UAE was hard hit by the economic crisis; but cash-rich Abu Dhabi has been hurt less than Dubai which was more vulnerable given its high level of financial leverage. End Summary.

#### Regional Stability

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¶3. (SBU) In the past five years, the United Arab Emirates has emerged as one of the economic powerhouses of the region and attained a commensurate level of political influence. The UAE has troops in Afghanistan and Commands the Multilateral Naval Coalition in the Southern Gulf, is an important political player in and donor to Pakistan, and its support is sought by leaders throughout the Middle East, and further afield. Although a tiny country, geographically and demographically (of its six million residents, fewer than one million are Emirati citizens), the UAE punches well above its weight class in international circles. In that context, U.S. relations are traditionally strong and continue to grow. Key U.S. strategic interests throughout the region (involving Iran, Iraq, Pakistan, Afghanistan, Yemen, terrorism, economics, and more) form the core of our daily dialogue with the UAE.

¶4. (SBU) Our broad bilateral relations have produced close military engagement and cooperation for two decades; key US military assets

have access to UAE facilities, and continually plan and exercise together. Coalition operations in Iraq, Afghanistan, and the Horn of Africa rely on that cooperation. The UAE hosts more US Navy ships, principally at Dubai's Jebel Ali port, than any port outside the United States. Our regional military logistics profile benefits from our UAE hosts who share various facilities throughout the country. The UAE was the USG's largest Foreign Military Sales cash customer in 2009, now totaling 55 programs and \$13 billion with similar amounts in commercial defense sales.

15. (SBU) Concerned about regional proliferation, the UAE has been responsive on export control issues and we engage on that front regularly (including an ongoing review of efforts by a dedicated bilateral Counterproliferation Task Force). As Abu Dhabi moves forward with a peaceful nuclear power program -- a sign of its ambitions and a real need for electricity to meet development goals -- it has taken clear steps to cooperate with the U.S. (including a Section 123 Agreement which entered into force in December 2009), and to prevent proliferation, offering an unambiguous regional counterpoint to Iran's nuclear model.

16. (SBU) The UAE's continuing support for Afghanistan and Iraq is seen in financial support and debt relief, reciprocal visits, dispatching ambassadors, and ongoing efforts to use its political influence to bring about stability in both countries. Similar

focus on shared interests with regard to Israeli-Palestinian peace, Lebanon, Yemen, Pakistan and elsewhere keep our two nations closely engaged in daily strategic diplomacy. Regular visits by Special Envoys Richard Holbrooke and Senator George Mitchell underscore the importance we place on coordination with the UAE on stability in Afghanistan/Pakistan and the Middle East peace process.

17. (SBU) Regional leaders look to Abu Dhabi and Dubai for assistance and political support, while Washington and other Western capitals increasingly seek the UAE's views. The strength of relations with the U.S. is evident in the string of high level USG visitors - including former President Bush in 2008, as well as multiple cabinet-level visits and senior Congressional delegations.

#### The Leaders

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18. (SBU) Abu Dhabi Crown Prince Mohammed bin Zayed al Nahyan (MbZ) is responsible for the formulation of military, security and economic policy for the federation. Age 48, his only federal title is Deputy Supreme Commander of the UAE Armed Forces but MbZ plays a large role in the formulation of national security policy, as evidenced by his official visits to the White House, most recently in September 2009 accompanied by his brother, UAE Foreign Minister Abdullah bin Zayed al Nahyan (AbZ). On the domestic agenda, MbZ is focused on building a modern state with world-class education and health care systems. Internationally, the UAE broadly views many issues of regional stability and security as we do.

19. (SBU) Like his older brother, 37 year old AbZ is a well-informed, pragmatic leader who often plays a helpful role in regional diplomatic engagement. In late January 2010, AbZ joined the Secretary of State and other world leaders in London for multilateral talks on security and development in Yemen and Afghanistan.

## Economy and the World Crisis

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¶10. (SBU) The UAE is our largest export market in the Middle East. Over 700 U.S. companies operate here in a broad array of fields, with some 550 based in Dubai and its free zones. The individual emirates retain significant economic autonomy, which Dubai aggressively asserted over the last several years. Dubai leveraged its limited oil wealth (only 3-4 percent of its GDP) to build the infrastructure to grow and diversify its economy -- Dubai is the regional air transportation hub, and its Jebel Ali sea port is one of the largest in the world. Encouraging direct foreign investment through innovative free zones and a range of business-friendly practices, Dubai focused on real estate development, infrastructure, trade and transportation, knowledge-based industries, tourism, and finance to sustain its growth. Dubai has welcomed and courted U.S. businesses, and hosts many regional headquarters for non-oil, non-defense sector companies, including GM, GE, Microsoft, Ford, Caterpillar, Boeing, and Citicorp.

¶11. (SBU) Despite its resource wealth and exponential growth, the UAE has been affected by the international economic crisis. Stocks have been battered and consumer confidence has declined. Dubai was particularly hard hit by the global economic downturn, leading ultimately to a near collapse in November 2009. The UAE government has taken a number of steps to restore confidence, but the 2010 economic outlook is weak.

## Components of the U.S. Mission

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¶12. (SBU) The U.S. Embassy in Abu Dhabi and the Consulate General in Dubai employ a total of 211 direct hire Americans and 201 locally engaged staff. 28 U.S. government agencies and offices are represented and 90 DOD personnel are assigned to the mission. A new consulate facility under construction in Dubai is scheduled for completion in 2011. The State Department component of the mission remains understaffed, considering the depth and breadth of our bilateral relations and strategic regional interests, and the need to support interagency growth.

¶13. (SBU) Created in summer 2006, the Iran Regional Presence Office (IRPO) in Dubai serves as the Department of State's principal window on Iran and functions to the degree possible as if it were located in Tehran. IRPO's primary reporting focus is on political and economic developments inside Iran and the Iranian government's external policies. IRPO keeps a relatively low profile in the UAE so as not to disrupt the UAE-U.S. bilateral relationship. IRPO's recent reporting has focused on Iranian public reaction to the draft nuclear fuel agreement brokered by the International Atomic Energy Agency and the aftermath of the June presidential elections, to include the increasing factionalism within the government, the scope of discontent among the public and the government's effort to suppress the opposition. Iranian press frequently accuses the U.S. of attempting to overthrow the Islamic Republic and often mention IRPO's presence in Dubai as the center of U.S. anti-regime activity. It is often referred to as the "regime change office" amid claims that IRPO public diplomacy programs are a cover for "velvet revolution." IRPO personnel have been mentioned by name in some Iranian press reporting as masterminding these efforts, and IRPO officers and contacts are intelligence targets. The Iranian government in 2007 expressed its dissatisfaction with the UAE government that the UAE had allowed IRPO to open on UAE territory. UAE officials occasionally have queried U.S. officials about IRPO and its activities. IRPO does not have contact with UAE officials.

¶14. (SBU) The Dubai Media Hub represents and advocates on behalf of the U.S. Government on Arab television and radio programs on the full range of regional and global issues, at a moment's notice and in fluent Arabic. The State Department's Regional Media Hubs Initiative was launched in September 2006 to address the need for a variety of official American faces and voices on media outlets in real time and on a regular basis. The current Hubs - in Brussels, Dubai, Tokyo, South Africa and London - engage with regional and local media to strengthen the U.S. Government's presence and advocacy capabilities in those key regions. The budget of the Dubai Hub, including salaries, is approximately \$425,000 per year. Media appearances average approximately 25-30 per month on outlets including Al Arabiyya, Al Jazeera, BBC Arabic, France 24, and Al Hurra. The Dubai Hub is staffed by two direct hire Americans - the Director and Deputy Director - both of whom are fluent Arabic speakers and who work remotely from home offices, television studios and on travel throughout the region. The Dubai Hub works closely with CENTCOM regional advisers to coordinate messaging and appearances.

¶15. (SBU) The Mission's consular sections in Dubai and Abu Dhabi serve the approximately 40,000 American citizens resident in the UAE, as well as the thousands of Americans who visit each month. Mission UAE processes over 75,000 applications for visiting visas and over 5,000 applications for permanent immigration to the United States each year. Consulate General Dubai is the world's largest processing post for Iranian non-immigrant visa applicants.

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